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CENTRAL INTELLIGENCE AGENCY

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to be rather irresponsible.

5. During 1949, according to the Tabacalera official, Army operations in Tarlac began to show improvement. As a result, Hukabalahap elements visited the Hacienda Luisita less frequently, and the size of the visiting groups was reduced. During most of 1949, officials of the estate considered themselves in the greatest danger, since they were alternately accused by the Army or by the Hukbalahap of being sympathetic to the enemy.
6. At no time did the Hukabalap direct its efforts toward stopping production at the Hacienda or at the Central, according to the Tabacalera official. Hukbalahap officers reiterated the claim at this time that they were opposed only to the Government.
7. During 1950, according to the Tabacalera official, it became clearly apparent that the strength of the Hukbalahap in Tarlac was declining. However, the situation continued to be difficult for Hacienda officials, since they were unable to identify themselves with either the Army or the Hukbalahap.
8. During early 1951, the Tabacalera official decided that immediate defensive measures should be taken. As a result, two armored cars were purchased and were armed with .50 caliber machineguns. A force of special policemen was recruited for the Hacienda. Former members of the Hukbalahap were considered especially valuable for this force, since they were the most effective fighters, being considered renegades by their former comrades who would be willing to kill them on sight.
9. The decision to employ former Hukbalahap members as special policemen proved to be well advised, according to the official, when these men became ruthless in opposing the newer HMB organization. As a result, at present HMB elements rarely visit the Hacienda, except at night, at which time only very small units may appear.
10. [REDACTED]
11. When the decision was made to resist the HMB by force, small forts were constructed at each barrio on the Hacienda. The barrio staffs were instructed to establish themselves in the forts if an HMB attack were launched. One barrio, which successfully resisted such an attack during January 1952, recovered one Garand rifle and an unspecified quantity of ammunition. This ammunition was marked with a 1951 date, suggesting that the HMB had acquired ammunition from either the Philippine Army or from the US Airbase at Clark Field.<sup>2</sup>
12. The Tabacalera official declared that in his contacts with HMB officers or leaders of HMB elements, their relations were conducted in a friendly manner and in general the conduct of HMB members was proper. He described the HMB members with whom he had contact as Communists, rather than bandits.
13. [REDACTED] the Hacienda Luisita stated, in reference to relations between officials of the Tabacalera interests in Tarlac and the HMB, that during a considerable period following the liberation, the Hacienda was in effect a small state within a Hukbalahap state.
14. According to this Hacienda official, during the early postwar years, from 1945 through 1948, Hukbalahap members frequently visited [REDACTED] the Hacienda 25X1 property in groups of from 50 to 60 men. The official described these visiting groups as well disciplined and said that he transacted any business with the leaders privately while their men remained outside.

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15. No effort reportedly was made by Hacienda officials to organize a special police force during this early period of HMB strength in Tarlac, because this action would have proved disastrous. The Hukbalahap, later the HMB organization, in Tarlac had free access to Hacienda property as a result. When HMB representatives asked for money, it was supplied either by the barrio officials, who are Spaniards, or by Hacienda workers themselves.
16. According to the Hacienda official, between 1945 and September 1952, 11 Hacienda staff members were killed by the HMB. [REDACTED] these deaths 25X1 were caused by the fact that the victims had not realized that they had become objectionable for some reason to either their own subordinates or to local HMB leaders. It was the Hacienda policy to transfer any person who had placed himself in danger for any reason to an assignment in Manila. The HMB leaders apparently considered any unfavorable action by a lower level Hacienda official as an unfortunate incident, rather than as a change to a hostile policy on the part of Tabacalera.
17. The Hacienda official declared that the average contribution by the Tabacalera interests to the HMB for protection between 1945 and 1951 was approximately \$30,000. However, he explained that during the early years of the liberation, between 1945 and 1948, annual Tabacalera payments were considerably larger. These payments have been virtually discontinued at the present time. The Hacienda official stated that he had never given money to the HMB personally, since pressure for contributions always was made at the barrio level.<sup>3</sup>

1. [REDACTED] Comment. This is believed to be a reference to the National Peasants' Union (PKM), originally the labor branch of the Philippine Communist Party. Although the PKM was proscribed by the Government, at least two postwar attempts by the Philippine Communist Party to revive this organization, in 1948 and in 1951, were unsuccessful.
2. [REDACTED] Comment. It is assumed that the 1951 date described as being on the recovered ammunition was the date of manufacture. No confirmed reports of leakages of ammunition [REDACTED] suggested have been received for some time. However, it is considered improbable that US forces in the Philippines or Philippine military forces which may have been supplied newer ammunition of US manufacture, would in fact be using small arms ammunition of such recent 25X1 date. This information is of interest nonetheless.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Comment. This report, and the earlier report which it supplements, are believed to contain a significant indication of the extent to which the Hukbalahap, and later the HMB, were able to supplement their finances during their formative years and subsequently through this form of local extortion. It is considered probable that the practice of extorting protection payments from large financial interests in predominately agricultural areas has been used extensively by the HMB.

Hacienda Luisita is only a part of the property owned by Tabacalera in Tarlac. The Hacienda has an extension of approximately 13,000 hectares. Tabacalera also owns and operates a Sugar Central at Tarlac, at which cane from Hacienda Luisita and other surrounding properties is milled.

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